THE MINISTER OF STATE IN THE MINISTRY OF PLANNING AND FOOD AND CIVIL SUPPLIES (SHRI AJIT PANJA): (a) Yes, Sir.

(b) On 31.1.1986, Weights and Measures Department of Delhi Administration weighhed at random 10 bags out of 30 bags issued by Food Corporation of India at its Ghavera depot to Delhi State Civil Supplies Corporation for distribution through fair price shops and found shortages of 24.5 kgs. The Food Corporation of India is investigating the matter with a view to fixing responsibiliy on its employees for their lapse.

(c) The Food Corporation of India has been directed to ensure standardisation of bags as also 100 per cent weighment of stocks issued.

Functioning of non-banking finance companies

111. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the functioning of non-banking finance companies in the country which are heading towards liquidation devouring the savings of thousands of small investor running into crores of rupees;

(b) whether it is a fact that according to the 1984 amendment to the Reserve Bank of India Act, the non-banking finance companies were required to reduce deposits within a period of two years in accordance with the provisions of the Act;

(c) whether any machinery was set up by Government to monitor the progress in this regard, if so, what are the details thereof and if not what are the reasons therefor; and

(d) what steps Government have taken to safeguard the interests of the small depositors with the non-banking finance companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) Complaints had been received about efforts being made by unincorporated bodies inducing unsuspecting public to deposit savings with them and subsequently mismanaging these concerns thereby depriving the depositors of their investments. In the wake of these complaints a need was felt for controlling the deposit acceptance activity of individuals, firms and other un-incorporated bodies and therefor Chapter III-C of the Reserve Bank of India Act was enacted through the Banking Laws (Amendment) Act, 1986. The above provisions were brought into force with effect from 15th February, 1984. In terms of the above provisions, individuals, firms or un-incorporated associations of individuals are prohibited from accepting deposits from more than a specified number of depositors.

(b) Yes, Sir.

(c) and (d) In terms of the provisions of Chapter III-C of the Reserve Bank of India Act, concurrent jurisdication has been vested in the Reserve Bank of India as well as State Governments for implementation of the provisions of Chapter III-C of the Act. Reserve Bank of India had already requested all the State Governments to create the necessary machinery in this regard. According to the information available with Reserve Bank of India the State Governments of West Bengal, Andhra Pradesh, Kerala, Uttar Pradesh, Himachal Pradesh and the Union Territory of Delhi have so far taken necessary steps for implementation of the provisions of the Act. The other State Governments/Union Territories have been requested by Reserve Bank of India to take steps for creation of necessary machinery early.

On the basis of the complaints it had received and after scrutiny of certain advertisements appearing in the press, Reserve Bank of India, on its own has taken certain steps to apprehend the persons violating the provisions of the Act.

Subsequent to enactment of Chapter III-C of the Reserve Bank of India Act, there have been several representations from Associations of Shroffs and financiers stating that enforcement of the provisions of Chapter III-C would force them to close down their business. Several unincorporated bodies have also filed writ petitions in the various High Courts challenging the constitutional validity of the provisions of the said Chapter. Over 50 such petitions filed in the Delhi High Court have been dismissed in December 1985 and the constitutional validity of Chapter III-C of the Reserve Bank of India Act has been upheld by the Delhi High Court. Some of these petitioners have gone in for appeal before the Supreme Court and the matter is *sub-judice*.

Trade deficit

112. SHRI KRISHNA KUMAR BIRLA: Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that the country, is likely to suffer trade deficit of over Rs. 9000 crores during the year 1985-86;

(b) if so, to what extent the country will have to draw down on its scarce foreign exchange reserves; and

(c) what is its likely impact on the industrial growth and the inflationary trends in the country and whether rupee devaluation is anticipated as a result thereof?

THE MINISTER OF COMMERCE AND FOOD AND CIVIL AND SUPPLIES (SHRI P. SHIV SHANKER): (a) It is difficult to precise to state the trade deficit with which we will end the financial year 1985-86. However, according to rough estimates the deficit this year is likely to be more than last year.

(b) and (c) Movement in foreign exchange reserves, industrial growth price situation and value of rupee depend on many factors. It is therefore difficult to indicate the extent to which the trade deficit would influence them.

Average Trade deficit

113. SHRI KRISHNA KUMAR BIRLA: Will the Minister of COMMERCE be pleased to state:

(a) what is the average trade deficit since 1981-82 till 1984-85 and what is the present trend of Indian trend and the likely deficit during 1985-86;

(b) to what extent the country has been able to raise commercial loans in the global financial market and how do Government view it in relation to the export performance;

(c) in which field, according to Government, India's export performance has been lacking and do Government consider the release of limited foreign exchange to the manufacturers|exporters for undertaking export campaigns and organising market research abroad as one of the causes for unsatisfactory export performance; and

(d) what remedial measures are contemplated by Government to step up exports and to find out new port markets so as to augment country's resources during the Seventh Plan period?

THE MINISTER OF COMMERCE AND FOOD AND CIVIL SUPPLIES (SHRI P. SHIV SHANKER): (a) The annual average trade deficit for 1981-82 to 1984-85 is Rs. 5657.77 crores.

According to the provisional data available, the trade deficit during April-September, 1985 is Rs. 4124.0 crores as compared to the deficit of Rs. 2290.6 crores during April-September, 1984. According to rough estimates the deficit this year is likely to be more than last year.